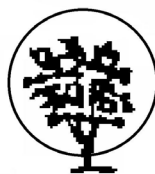


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Dear Sirs:

There exist a practice with cellular providers such as Cingular, Alltel, Verizon, etc. that is not only egregious but is a tremendous burden on the consumer. That is, the practice of putting a “restriction” chip inside of the cellular phones so that the phones can only be used with the cellular provider from which the purchaser purchased the phone. For example: If I do not want to bound by a contract with Verizon for one or two years, I can pay the full retail price of the cell phone of my choice. However, there is a catch. Let’s just say, for the sake of argument, that after using Verizon’s service for six months I dislike their coverage, their service, or their price structure and I can take advantage of a better plan and coverage with another cellular provider. I am free to drop my service with Verizon and go to another cellular provider without paying a penalty fee because I did not sign a one or two year agreement, but I might as well throw my cell phone in the trash pile. With the “restriction” chip inside the cellular phone that I got from Verizon, the phone can only be used on the Verizon system, not on the system that I am going to for cellular service. Let’s also say that I wanted some features on my cell phone and the purchase price was \$250. All I have done by purchasing the phone is to lease it at a very expensive rate from Verizon. For all intents and purposes, Verizon still owns the phone because it is useless outside of their system.

The position that all of this puts the consumer in is obvious. The consumer can stay with Verizon, although he or she is not happy with the service, or the consumer can go to another cellular provider, pay for another phone if he or she does not want to be bound with a contract, pay an activation fee, and be confronted with the same situation with the new cellular provider as he or she had with Verizon. Namely, the new cellular provider “owns” the customer’s phone no matter how little or how much the customer pays for it.

Cellular providers claim that this practice is to “protect their phones and investments.” This is ludicrous! The cell phone providers claim that they would lose money if they allowed someone to just walk away and take their phone with them to be used on another providers network. This is also ridiculous! All one has to do is look at the prices on the cell phones in the display room to know that the cellular provider are making a huge profit no matter how a person selects. It is ridiculous to believe, as the cellular providers claim, that they are taking a loss on the cell phones they provide. No one runs a business to take a loss! The cellular providers come out ahead any way a deal is struck. If they give someone a phone and sign them to a two year contract, the cellular providers profit either by their monthly fees or in the event that the customer breeches the contract before the completion date. The penalty for breach of contract can be anywhere from \$350-275 dollars; well more than the give-away phone is worth. The same applies for the phones that are purchased either for a one-year or no year contract.

This is a practice that needs to be stopped! If I chose to purchase a phone from a cellular company to avoid signing a contract with them, I should be able to purchase from either them or a manufacturer with no “restriction” chip whatsoever. The argument that there must be a cellular provider chip in place in the phones in order to program them is also ludicrous. Almost all of the phones that are being distributed now have a chip inserted into them at the time of activation.

Please, for all of us consumers out here, take this matter under advisement.

Robert F Sanders